

For: AL, GA, and TN CO Employees

Transfer of CO Employee Personnel and Payroll Functions to NFC

Approved by: Acting Deputy Administrator, Management



1 Overview

**A
Background**

FSA management agreed to transfer the personnel and payroll functions for CO employees to systems operated by NFC to comply with recommendations from OIG. OIG cited FSA for maintaining a redundant system with NFC that contributed to additional costs being borne by the Department to operate and maintain duplicate personnel and payroll systems.

**B
Purpose**

This notice:

- informs affected CO employees of the function transfer
- provides a description of the impacts and changes resulting from the transfer to the NFC systems.

**C
Contact**

If there are questions about this notice, contact Debbie Barker at 703-305-1309 or David Nichols at 703-305-1300.

Disposal Date

December 1, 1999

Distribution

AL, GA, and TN State Offices; State Offices
relay to CO employees

2 Transfer to New Personnel and Payroll System

A

Introduction

Effective with the pay period ending June 19, 1999, the payroll process for CO employees and COC members will be converting from the current COE system to systems operated by NFC.

NFC services almost a half million employees in over 120 agencies and is recognized as an experienced and successful service provider in the Government. NFC already supports TSP and the GS County Office employees' salary process.

B

What Will This Transfer Mean to the Employee?

This function transfer will:

- permit more accurate tracking of time and attendance records
- allow for more timely adjustments to pay statements
- provide more and better information concerning pay and benefits.

Example: Each employee will receive an annual "Personal Benefits Statement" with information such as the value of accrued leave, retirement annuity projections, and insurance.

C

What Changes Will There Be in Salary Payment?

There will be some changes in salary payment when the transfer of function is implemented. The following contains some of the key changes.

- The last COE salary payment will be for the May 23 through June 5, 1999, pay period, with a June 8 pay day. Subsequent (NFC-generated) salary payment will be electronically deposited on June 28 with paper checks being available by July 1. Rather than being paid on the first Tuesday following the end of the pay period, employees will be paid by EFT on the second Monday following the end of the pay period or by paper check on the second Thursday following the end of the pay period.
-

Continued on the next page

2 Transfer to New Personnel and Payroll System (Continued)

C

What Changes Will There Be in Salary Payment? (Continued)

- FERS and CSRS-offset employees earning more than \$72,600, and who have or will reach this year's Social Security withholding cap, can expect withholding to restart (or continue) for the rest of this calendar year, effective with the June 28 salary payment. NFC's systems will regard each employee, upon conversion, as a new employee and hence all contributions before the conversion will not be carried forward. Excess Social Security withholdings are recoverable in employees' 1999 IRS tax filings.
 - All current savings bond account balances will be paid out or refunded to the employee. Effective June 6, all bond accounts will begin with a zero balance and deductions will begin anew.
-

D

What Changes Will There Be in Pay Statement?

There will be some changes in pay statements when the transfer of function is implemented. The following are some of the key changes.

- The AD-334 format will change. A copy of the new format is shown in Exhibit 1. Employees will receive their AD-334 during the same week their salary payment is made. AD-334 will be mailed from NFC directly to the employee's home address. For example, for the EFT salary payment deposited on June 28, 1999, employees should receive their AD-334 by July 2, 1999.
 - AD-334 will reflect only the totals for pay status hours, salary, and deductions from salary beginning with pay period 12. For leave, the year-to-date leave accruals and usage, and current leave balance as of pay period 12 will be shown. Keep the last COE-produced earnings statement and leave record as a reference for pay status hours, salary, and deductions from salary before pay period 12.
-

3 CO Employee Action

A

Preparing for the Transfer of Function

CO employees shall do the following to prepare for the transfer of the payroll and personnel functions to NFC.

- Since the pay day in the NFC process is the second Monday instead of the first Tuesday following the end of the pay period, CO employees should plan their finances to ensure that this 1-time delay in being paid does not have any negative impact.
-

Continued on the next page

3 CO Employee Action (Continued)

A

Preparing for the Transfer of Function (Continued)

- Savings bond deductions that are insufficient to purchase a savings bond by June 5 will be refunded to the employee. Deductions will begin anew with a zero balance when NFC starts processing payroll.

Note: NFC systems do not issue Series E savings bonds for less than \$100 face value.

B

Actions After the Transfer Occurs

CO employees shall do the following after the transfer of the personnel and payroll functions to NFC have been implemented:

- If an employee receives their salary payment by EFT, it will be deposited in their identified bank account as of June 28 for pay period 12. However, CO employees should wait until the morning of June 29 to contact the bank to verify the salary deposit. Waiting is recommended because many banks record EFT deposits at the close of their business day. CO employees should verify that salary payments are deposited to their bank accounts before writing checks against the deposited amount. The Government cannot be responsible for any bank charges imposed because of returned checks caused by a late EFT deposit.
 - There will be some slight differences in the net balance of salary payments received by CO employees. These differences are mostly caused by changes in the amount of taxes withheld. NFC uses a formula to calculate the withholding while COE used IRS Circular E.
 - When AD-334 is received, CO employees should review AD-334 and ensure that all information is correct. If any information is not correct or if there are any questions about AD-334, the CO employee should first contact the local administrative clerk and then the State Office's Administrative Officer.
-

C

Review Summary of Changes

A summary of the changes resulting from transferring the personnel and payroll functions from the COE system to NFC's systems is shown in Exhibit 2. CO employees shall review the changes and first contact their local administrative clerk and then the State Office's Administrative Officer if there are any questions.

AD-334, Statement of Earnings and Leave

FARM SERVICE AGENCY COUNTY OFFICE															36853 0994		FORM AD-334	
SOCIAL SECURITY NO. 123 45 6789 MO 04 11 99 YR 04 24 99 P/P 08 CE 01 0840 01 01 0010 CE 04 01 0123 9901 CO 11 05															USDA (REV. 10/97)			
SALARY RATE TYPE EMP. L. SC. FOR LEAVE RET. DEDUCTIONS THIS APPOINTMENT															36 46		STATEMENT OF EARNINGS AND LEAVE	
EARNINGS AND DEDUCTIONS																		
CODE	ITEM	DESCRIPTION	HOURS	P/P	YR. TO DATE	AMOUNT	P/P	YR. TO DATE										
01	REGULAR TIME		76 00		153 00	1 549 20		3 320 10										
61	ANNUAL LEAVE		4 00		4 00	86 80		86 80										
62	SICK LEAVE				3 00			65 10										
****	***** PAY PERIOD HOURS & GROSS PAY *****					80 00		1 736 00	3 472 00									
7502	RETIREMENT					18 23		36 46										
7515	THRIFT SAV-FERS TAX DEF					173 60		347 20										
	*AMT BASED ON 1736.00																	
	100% C																	
76	SOCIAL SECURITY (OASDI)					107 63		215 26										
77	FEDERAL TAX EXEMPTS 500					285 68		571 36										
	EXTRA FEDERAL TAX					10 00		20 00										
78	ST TAX AL EXEMPTS 000					58 45		116 90										
81	FEGLI- COVERAGE \$48000					7 44		14 88										
82	DPT FEGLI-AGE BRACKET 5					2 30		4 60										
83	FEHBA - ENROLL COD 105					62 32		124 64										
84	SAVINGS BONDS					125 00		250 00										
87	UNION/ASSOCIATION DUES 33 0201					2 00		4 00										
97	MEDICARE TAX WITHHELD					25 17		50 34										
****	***** TOTAL DEDUCTIONS *****						877 82	1 755 64										
****	***** NET PAY *****						858 18	1 716 36										
****	DD/EFT ROUTING NO. 062205607																	
BOND ACCOUNT						YEAR TO DATE LEAVE STATUS												
AUTH NO	DENOMINATION	DEDUCTION	BALANCE AVAIL.	NO. ISSUED	ISSUE DATE	TYPE	ACCRUED	USED	BALANCE	PROJECTED USE OR LOSE	PT. HRS UNAPP	MAX. C/O						
1 EE	500	125 00		1	04 99	ANN	48 00	5 50	188 00	60 00		24000						
						SICK	32 00	291 00	253 00			LEAVE CATEG						
						COMP						6						
CHANGE IN FEGLI AGE BRACKET												REMARKS						
NAME AND ADDRESS																		

OFFICIAL PAY DATE 05/06/1999

T-0003 00022 CE 9901
 DUDLEY BARKALOT
 123 TREE LANE
 DADEVILLE, AL 36853-0994

Changes Resulting From Function Transfer to NFC System

Paydays: NFC's official payday is on alternate Thursdays. The first payday under NFC will be July 1, 1999. However, employees who have elected Direct Deposit will normally have their funds available on the Monday before the official Thursday payday. When a holiday falls on Monday, funds will normally be available the following day (Tuesday). Those employees who still receive paper paychecks are encouraged to convert to Direct Deposit.

Wage and Tax Statements: For calendar year 1999, employees will receive two W-2's. One W-2 will be issued by FSA for the period of January 1, 1999, through June 5, 1999, and the second W-2 will be issued by NFC for the remainder of the year.

Allotments: NFC will allow elections of up to 9 separate savings bond allotments. In addition, NFC can accommodate 2 voluntary payroll allotments. Employees can expect to receive savings bonds at their residence address approximately 3 weeks after the pay day for the pay period.

Personal Benefit Statement: A statement listing the employee's total federal benefit package, including the value of leave, health benefits, life insurance, and retirement will be mailed annually to the employee's residence.

Annual Leave: The NFC System will allow employees to take annual leave only to the extent of what they would accrue to the end of the leave year. Annual leave used in excess of leave year ending balances will be converted to leave without pay (LWOP).

AD-334: AD-334 will be mailed biweekly to the employee's residence address. It will provide cumulative, year-to-date information for all earnings and deductions. Leave earnings, deductions, and balances appear on AD-334. Employees are responsible for reviewing the accuracy of their AD-334 every pay period. An example of AD-334 is shown in Exhibit 1.
